

**CITY OF TAKOMA PARK, MARYLAND**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2003**

**PREPARED BY THE FINANCE DIVISION**

**CITY OF TAKOMA PARK, MARYLAND**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2003**

Mayor

KATHRYN PORTER

City Council

JOY AUSTIN-LANE	ROLAND DAWES
CAROL STEWART	MARC ELRICH
BRUCE R. WILLIAMS	SHARE MAACK

City Manager

RICHARD M. FINN

Treasurer

LINDA C. McKENZIE

Independent Auditors

WOODEN & BENSON, CHARTERED

*Prepared by the Finance Division*

# CITY OF TAKOMA PARK, MARYLAND

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2003

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# **CITY OF TAKOMA PARK, MARYLAND**

## **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2003**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### INTRODUCTION

This section of the City of Takoma Park's annual financial report presents a discussion and analysis, prepared by the City's senior management, of the financial performance for the fiscal year ended June 30, 2003. The MD&A is best understood if read in conjunction with the Transmittal Letter and the City's basic financial statements. It is important to note that because this is the first year of implementation of the revised reporting requirements under Government Accounting Standards Board Statement No.34, "Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments" (GASB No.34), prior year comparisons are not available. Such comparisons will be made in subsequent years.

### FINANCIAL HIGHLIGHTS FOR FY2003

Police rebate monies from the County increased over prior years as a result of the renegotiated rebate formula. Interest income has remained lower due to the economy. Police Protection monies from the State decreased. Expenditures projected to be spent for police were less, due to the delay in the construction of the community center.

Expenditures were higher than revenues for the first time since FY98. There was a considerable increase in the cost for legal services (\$135,000 in FY02 to \$253,000 in FY03), largely attributable to assistance with the on-going re-codification project which included an extensive rewrite and reorganization of *Takoma Park Code* Chapter 6. Housing. The increase in Public Works Department expenditures were related to snow removal.

### USING THIS ANNUAL REPORT

This Annual Financial Report (AFR) consists of two sections--Financial and Statistical. The basic financial statements in the financial section include two kinds of statements that present different views of the City.

- G The *government-wide financial statements* which are the Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole. They present both short-term and long-term information about the City's overall financial status. The government-wide financial statements are a new requirement in fiscal year 2003 and have not been provided in the past.
- G For governmental activities, *fund financial statements* tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements are *fiduciary fund statements* and provide financial information about activities for which the City acts solely as a trustee for the benefit of those outside of the government.

The basic financial statements also include notes that provide explanation of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the City's budget for the year. Figure 1 shows how the various parts of this annual report are arranged and related to one another.

**Figure 1**

**Organization and Flow of Financial Section Information**

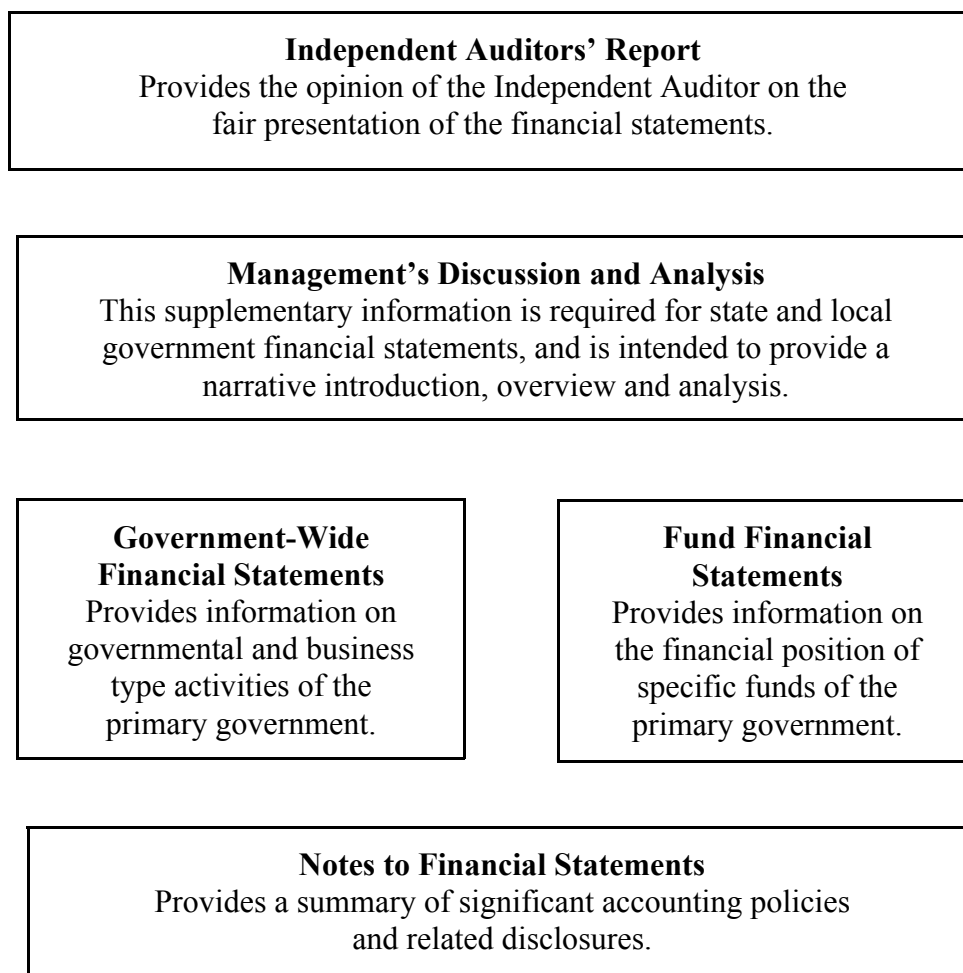


Figure 2 summarizes the major features of the City's financial statements, including the portion of the activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure 2****Major Features of the Government-Wide and Fund Financial Statements**

	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire City (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as Police, Parks, Recreation & Culture, and general administration.	Instances in which the City administers resources on behalf of someone else, such as the Police Retirement Plan.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of in-flow/out-flow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**Government-Wide Financial Statements**

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These two statements report the City's net assets and changes in them, and include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets is designed to provide bottom line results for the City's governmental activities. This statement is being used for the first time to report the City's governmental funds' current financial resources (i.e., short-term spendable resources) with capital assets and long-term obligations. All infrastructure assets built or purchased by the City, and infrastructure dedicated by developers, are included in the accompanying government-wide financial statements.

You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The Statement of Activities is focused on both the gross and net cost of various functions. This is intended to summarize and simplify the users' analysis of the cost of various governmental services. In the government-wide financial statements, the activities of the City is maintained within one category—governmental activities. Most of the City's basic services are reported here, including economic and community development, library, police, public works, recreation and general administration. These activities are financed with revenues from property taxes, other state and county taxes, state and federal grants, and City charges for services.

## **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Funds are accounting devices used to track specific sources of funding and spending on particular programs. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories—governmental funds and fiduciary funds.

Governmental funds. Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in a reconciliation of the governmental funds balance sheet to the statement of net assets, and a separate reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the statement of activities. The City of Takoma Park maintains only one major governmental fund (the General Fund), and the category of Non-Major Funds (i.e., Stormwater Fund, Community Center Fund and Special Revenue Fund).

Fiduciary Funds. The City is the trustee, or fiduciary, for assets that belong to its employees' pension plan (Police Pension Trust and Defined Contribution Plan). The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These activities are excluded from the government-wide financial statements because the assets cannot be used to finance operations.



## THE CITY AS A WHOLE

For the year ended June 30, 2003, net assets changed as follows:

### Governmental Activities

Beginning net assets, restated	\$9,107,011
Decrease in net assets	<u>110,894</u>
Ending net assets	<u><u>\$8,996,117</u></u>

This reflects a slight decrease of 1.2% for governmental activities. Contributing factors to the decrease in net assets were the unexpected reductions in income tax receipts by approximately \$50,000 and in State Aid for Police Protection by approximately \$85,000.

Since this is the first year the City has included a MD&A, only information pertaining to FY 2003 is presented (with the exception of the above comparison). In future years, when audited prior year information is available, a comparative analysis of government-wide financial information will be presented, explaining the differences between the current and prior year assets, liabilities, and changes in net assets.

Statement of Net Assets. Figure 3 presents a summary of the Statement of Net Assets for the City as of June 30, 2003.

**Figure 3**

<b>Summary of Net Assets June 30, 2003</b>	
	<u>Total Governmental Activities</u>
<b>Assets:</b>	
Current and other assets	\$ 8,743,629
Capital assets, net	<u>5,350,482</u>
Total Assets	<u>14,094,111</u>
<b>Liabilities:</b>	
Long-term liabilities outstanding	3,388,787
Other liabilities	<u>1,709,207</u>
Total Liabilities	<u>5,097,994</u>
<b>Net Assets:</b>	
Invested in capital assets, net	2,465,056
Restricted	1,617,967
Unrestricted	<u>4,913,094</u>
Total Net Assets	<u><u>\$ 8,996,117</u></u>

The City's assets exceeded its liabilities at the close of FY 2003 by \$8.9 million. Approximately \$2.5 million of the City's net assets reflects its investment in capital assets, net of related outstanding debt (e.g., land, buildings, improvements, vehicles, furniture and equipment, infrastructure). The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Restricted assets are bond proceeds for construction of the new community center.

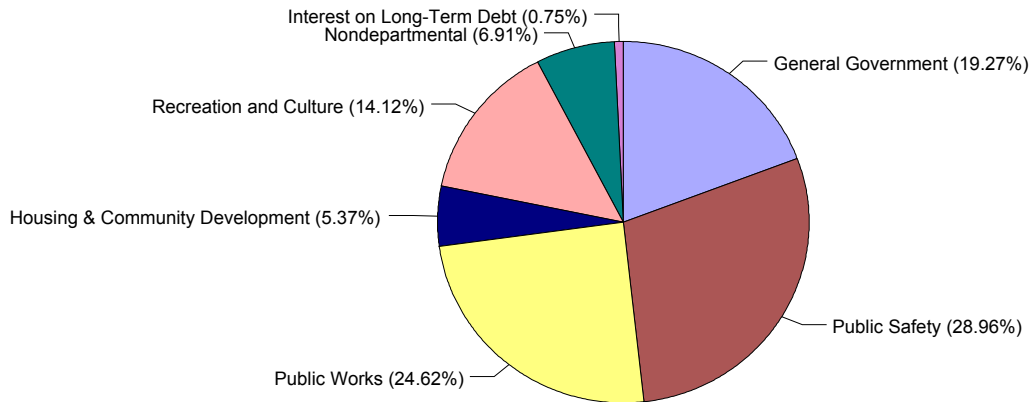
**Statement of Activities.** The City's total revenues were \$14 million. Local property taxes funding amounted to \$6.1 million; intergovernmental funding, \$1.5 million; charges for services, \$0.9 million; operating grants and contribution, \$4.5 million; and capital grants and contributions, \$0.2 million. The remaining \$0.8 million came from investment earnings and miscellaneous sources.

**Figure 4**

<b>Summary of Changes in Net Assets June 30, 2003</b>	
	<u>Total Governmental Activities</u>
<b>REVENUES</b>	
Program revenues:	
Charges for services	\$ 941,079
Operating grants and contributions	4,534,872
Capital grants and contributions	239,970
General revenues:	
Property tax	6,112,206
Shared taxes	1,449,812
Miscellaneous	630,506
Investment earnings	<u>191,071</u>
<b>Total Revenues</b>	<u>14,099,516</u>
<b>EXPENSES</b>	
General Government	2,738,005
Public Safety	4,115,905
Public Works	3,499,188
Housing & Community Development	763,328
Recreation and Culture	2,006,076
Nondepartmental	981,302
Interest on long-term debt	<u>106,606</u>
<b>Total Expenses</b>	<u>14,210,410</u>
Decrease in Net Assets	(110,894)
Net Assets as of July 1, 2002, as restated	<u>9,107,011</u>
Net Assets as of June 30, 2003	<u><u>\$ 8,996,117</u></u>

**Figure 5**

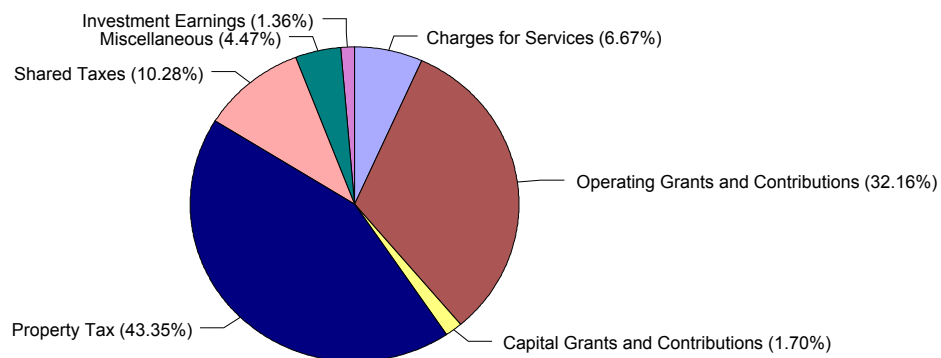
**Expenses by Function - Fiscal Year 03**  
Governmental Activities



The cost of governmental activities for FY 2003 was \$14.2 million. Figure 6 below indicates Public Safety and Public Works are two of the largest programs. Major cost increases in FY 2003 were attributable to increases in salary and benefits costs for City employees.

**Figure 6**

**Revenues by Source - Fiscal Year 03**  
Governmental Activities



## Governmental Activities

General revenues for the governmental activities were \$14 million, while total expenses, net of charges for services and grants, were \$8.5 million. The decrease in net assets for governmental activities was \$0.1 million.

Figure 7 presents the cost and program revenues of each of the City's activities and capital outlay. This table also shows each activity's *net cost* (total cost less fees generated by the activities and program specific intergovernmental aid). The *net cost* shows the financial burden placed upon local taxpayers for each of these functions.

**Figure 7**

<b>Net Cost of Governmental Activities</b>			
<b>June 30, 2003</b>			
	<u>Services</u>	<u>Revenues</u>	<u>Cost of Services</u>
General Government	\$ 2,738,005	\$ 704,515	\$(2,033,490)
Public Safety	4,115,905	2,832,223	(1,283,682)
Public Works	3,499,188	1,475,926	(2,023,262)
Housing and Community Development	763,328	-	(763,328)
Recreation and Culture	2,006,076	703,257	(1,302,819)
Nondepartmental	981,302	-	(981,302)
Interest on Long-Term Debt	<u>106,606</u>	<u>-</u>	<u>(106,606)</u>
<b>Total</b>	<b><u>\$14,210,410</u></b>	<b><u>\$5,715,921</u></b>	<b><u>\$(8,494,489)</u></b>

The cost of all governmental activities this year was \$14.2 million. Some of the cost of government activities was paid by those who directly benefitted from the programs (\$0.9 million) and other governments and organizations that subsidized certain programs with grants and contributions (\$4.8 million). Of the \$8.5 million net cost of services, the amount that our taxpayers paid for the activities through City real and personal property taxes was \$6.1 million.

## **Financial Analysis of the City's Funds**

At year-end, the governmental funds reported combined fund balances of \$6.3 million, a decrease from last year's ending fund balance of \$7.1 million.

General Fund (Governmental). The general fund had fewer revenues than expenditures in FY 2003, thereby decreasing the total fund balance to \$5.9 million. The deficiency in revenues (and other funding sources) over expenditures and other financing uses is \$0.6 million. This figure is calculated on the modified accrual basis and is slightly different from the \$0.7 million budgetary basis deficiency. This difference is due to the treatment of prior and current year encumbrances and the usage of prior year's fund balance.

Non-Major Funds (Governmental). The Non-Major Fund showed a \$0.2 million decrease in fund balance. The total fund balance of \$0.4 million represents authorized and funded stormwater, community center and special revenue projects.

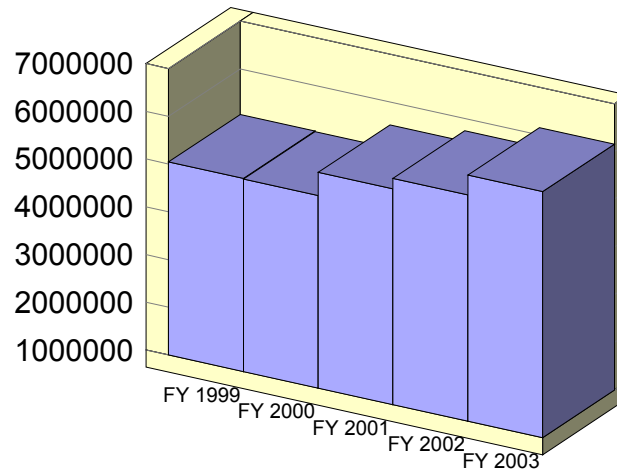
### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues exceeded budget amount by \$0.4 million, while actual expenditures and net transfers out were less than final budget by \$0.6 million. Actual expenditures of \$13.9 million were \$0.9 million less than budgeted due primarily to the concerted efforts of each department to generate savings in anticipation of FY 2004 revenue shortfalls. These savings are to be carried forward to FY 2004.

The largest revenue source for the General Fund is City real and personal property taxes (\$6.1 M). The balance of tax revenues is derived from state-shared taxes (\$1.9M), additions and abatements (\$70,000), and penalties (\$31,000). In FY 2003, tax revenues of \$8.1 million represented 62% of total revenues for the General Fund, and were 0.5% below the budget estimate. As a result of continued growth in real property, the total assessable base grew 6% in FY 2003.

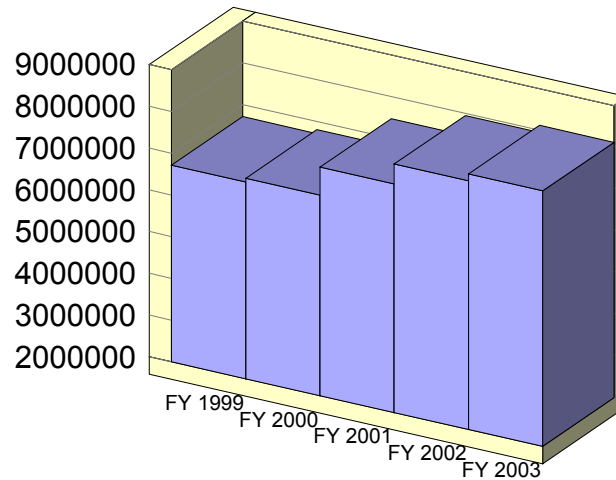
**Figure 8**

### **Real & Personal Property Tax Revenue (In Millions)**



**Figure 9**

### **Total Tax Revenue (In Millions)**



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

By the end of June 2003, the City had \$5.4 million invested in capital assets including buildings, computers and police mobile data terminals, infrastructure, park facilities, and vehicles and equipment. More detailed information about capital assets can be found in Note 8 to the basic financial statements. Total depreciation expense for the year was \$393,811, while building improvements and additions to equipment amounted to \$567,538.

**Figure 10**

<b>Capital Assets, Net of Depreciation Total Governmental Activities</b>		
	<u><b>2003</b></u>	<u><b>2002</b></u>
Land	\$1,781,269	\$1,731,632
Buildings	1,428,979	1,652,646
Improvements other than buildings	638,791	778,563
Equipment	<u>1,501,443</u>	<u>2,920,590</u>
<b>Total</b>	<u><b>\$5,350,482</b></u>	<u><b>\$7,083,431</b></u>

The fiscal year capital projects spending amounted to \$1.0 million for capital projects, principally radio equipment and street resurfacing.

### Debt

At year-end, the City had \$2.9 million in outstanding notes and a capital lease, compared to \$3.6 million last year. That is a 19% decrease as shown in the following table.

**Figure 11**

<b>Long-Term Liabilities Total Governmental Activities</b>		
	<u><b>2003</b></u>	<u><b>2002</b></u>
Long-term note - Maryland Industrial and Commercial Redevelopment Fund (MICRF)	\$ 37,260	\$ 31,719
Loan payable - Montgomery County	305,000	355,000
Bonds Payable	257,166	277,333
Bonds Payable	-	865,000
Bonds Payable	1,978,800	2,048,700
Capital Lease Payable	-	21,543
Capital Lease Payable	344,461	-
Capital Lease Payable	-	28,531
Accrued obligations for compensated absences	452,503	438,275
Net Pension Obligation	<u>13,597</u>	<u>12,589</u>
<b>Total</b>	<u><b>\$3,388,787</b></u>	<u><b>\$4,078,690</b></u>

The City's most significant debt obligation of \$1,978,800 is related to the new community center.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- G Reductions in shared revenues and grants from both the State and County were factored into assumptions (e.g., \$131,000 State Highway User Tax and \$134,000 Income Tax).
- G Salaries were increased by 3.2%, and health costs were increased by 20%.
- G Capital expenditures were budgeted for street repairs (\$500,000) and a ride-behind street sweeper (\$20,000).
- G An additional \$750,000 was identified to fund the upgrade and installation of a new storm drain to meet the 100-year flood plain requirement on the site of the new community center.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, ATTN: City Clerk / Treasurer, at 7500 Maple Avenue, Takoma Park, MD 20912, telephone 301-891-7100.



## **FINANCIAL SECTION**



CHARTERED  
CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditor's Report

The Honorable Mayor  
and Members of City Council  
City of Takoma Park, Maryland

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Takoma Park, Maryland as of and for the year then ended June 30, 2003, as listed on the foregoing table of contents, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Takoma Park, Maryland at June 30, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the combining and individual non-major fund financial statements and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Takoma Park, Maryland. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2003, on our consideration of the City of Takoma Park's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The other data, listed under the "Statistical Section" in the table of contents have not been audited by us and, accordingly, we express no opinion on such data.

November 14, 2003  
Baltimore, Maryland

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FAX: (410) 828-1419

## CITY OF TAKOMA PARK, MARYLAND

STATEMENT OF NET ASSETS  
JUNE 30, 2003

	Governmental Activities
<b>ASSETS</b>	
Cash and temporary investments	\$ 4,419,552
Accounts receivable, net	781,309
Notes receivable, net	928
Due from other units of government	3,531,285
Other assets	10,555
Capital assets, net	5,350,482
Total assets	<u>14,094,111</u>
<b>LIABILITIES</b>	
Accounts payable	896,035
Accrued liabilities	370,714
Deposits and escrows held	59,314
Due to other governments	54,440
Deferred revenue	328,704
Non-current liabilities:	
Due within one year	280,810
Due in more than one year	3,107,977
Total liabilities	<u>5,097,994</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,465,056
Restricted	1,617,967
Unrestricted	4,913,094
Total net assets	<u>\$ 8,996,117</u>

The accompanying notes to the financial statements are in integral part of this statement.

## CITY OF TAKOMA PARK, MARYLAND

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,738,005	\$ 27,163	\$ 437,382	\$ 239,970	\$ (2,033,490)
Public safety	4,115,905	130,455	2,701,768	-	(1,283,682)
Public works	3,499,188	561,748	914,178	-	(2,023,262)
Housing and community development	763,328	-	-	-	(763,328)
Recreation and culture	2,006,076	221,713	481,544	-	(1,302,819)
Nondepartmental	981,302	-	-	-	(981,302)
Interest on long-term debt	106,606	-	-	-	(106,606)
Total governmental activities	<u>\$ 14,210,410</u>	<u>\$ 941,079</u>	<u>\$ 4,534,872</u>	<u>\$ 239,970</u>	<u>(8,494,489)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					6,112,206
Shared taxes					1,449,812
Miscellaneous					630,506
Unrestricted investment earnings					191,071
Total general revenues and special items					<u>8,383,595</u>
Change in net assets					<b>(110,894)</b>
Net assets - beginning of year					11,007,626
Adjustment to restate - fixed asset capitalization					(1,900,615)
Net assets - beginning of year, restated					<u>9,107,011</u>
Net assets - end of year					<u><b>\$ 8,996,117</b></u>

The accompanying notes to the financial statements are in integral part of this statement.

## CITY OF TAKOMA PARK, MARYLAND

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

	General Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,099,767	\$ 319,785	\$ 4,419,552
Receivables, net	450,934	331,304	782,238
Due from other funds	910,936	790,732	1,701,668
Due from other units of government	2,230,147	1,301,138	3,531,285
Other assets	10,555	-	10,555
Total assets	<u>\$ 7,702,339</u>	<u>\$ 2,742,959</u>	<u>\$ 10,445,298</u>
<b>LIABILITIES</b>			
Accounts payable	543,593	352,442	896,035
Accrued liabilities	357,865	-	357,865
Deposits and escrows held	59,314	-	59,314
Due to other funds	81,764	1,619,904	1,701,668
Due to other units of government	51,824	2,616	54,440
Deferred revenue	648,762	328,704	977,466
Compensated absences payable	89,667	-	89,667
Total liabilities	<u>1,832,789</u>	<u>2,303,666</u>	<u>4,136,455</u>
<b>FUND BALANCES</b>			
Reserved	3,544,556	250,547	3,795,103
Unreserved:			
Designated for:			
Subsequent years' expenditures	990,000	-	990,000
Community center	242,000	-	242,000
Takoma/Langley recreation facility	28,431	-	28,431
Undesignated	1,064,563	188,746	1,253,309
Total fund balances	<u>5,869,550</u>	<u>439,293</u>	<u>6,308,843</u>
Total liabilities and fund balances	<u>\$ 7,702,339</u>	<u>\$ 2,742,959</u>	<u>\$ 10,445,298</u>

The accompanying notes to the financial statements are in integral part of this statement.

## CITY OF TAKOMA PARK, MARYLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2003**

Total fund balances - governmental funds (Exhibit 3)	<b>\$ 6,308,843</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$9,019,341 and the accumulated depreciation is \$3,668,858.	5,350,483
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,299,121)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(12,850)
Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of deferred revenue related to these receivables.	<u>648,762</u>
Total net assets - governmental activities (Exhibit 1)	<u><b>\$ 8,996,117</b></u>

The accompanying notes to the financial statements are in integral part of this statement.

## CITY OF TAKOMA PARK, MARYLAND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund	Non-Major Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes and utility fees	\$ 8,115,007	\$ -	\$ 8,115,007
Licenses and permits	30,686	1,242	31,928
Fines and forfeitures	130,455	-	130,455
Use of money and property	174,989	16,083	191,072
Charges for services	569,734	214,578	784,312
Intergovernmental	3,403,661	938,711	4,342,372
Miscellaneous	652,055	-	652,055
Total revenues	<u>13,076,587</u>	<u>1,170,614</u>	<u>14,247,201</u>
<u>Expenditures</u>			
General government	1,827,489	786,414	2,613,903
Public safety	3,938,440	105,959	4,044,399
Public works	2,979,599	376,299	3,355,898
Housing and community development	758,430	-	758,430
Recreation and culture	1,747,346	228,621	1,975,967
Nondepartmental	403,593	-	403,593
Capital outlay	1,042,789	67,316	1,110,105
Debt Service			
Principal	951,540	144,140	1,095,680
Interest	103,392	-	103,392
Total expenditures	<u>13,752,618</u>	<u>1,708,749</u>	<u>15,461,367</u>
Excess (deficiency) of revenues over expenditures	(676,031)	(538,135)	(1,214,166)
<u>Other Financing Sources (Uses)</u>			
Loan proceeds	380,000	-	380,000
Operating transfers in (out)	(330,929)	330,929	-
Total other financing sources (uses)	<u>49,071</u>	<u>330,929</u>	<u>380,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(626,960)	(207,206)	(834,166)
Fund balances - beginning of year	6,496,510	646,499	7,143,009
Fund balances - end of year	<u>\$ 5,869,550</u>	<u>\$ 439,293</u>	<u>\$ 6,308,843</u>

The accompanying notes to the financial statements are in integral part of this statement.

## CITY OF TAKOMA PARK, MARYLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2003**

Total net change in fund balances - governmental funds (Exhibit 5)	<b>\$ (834,166)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$567,538) exceeds depreciation expense (\$393,811) in the period.	173,727
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, vacation and sick leave earned exceeded the amounts used by \$30,819.	(14,228)
Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of long-term debt repayments for 2003.	1,095,680
Long-term debt proceeds are an other financing source in the governmental funds, but the proceeds increases long-term liabilities in the statement of net assets. This is the amount of long-term debt proceeds for 2003.	(380,000)
Interest expense in the statement of activities differs from the amount reported in governmental funds due to the net change in accrued interest.	(3,215)
Net pension obligation is not an expenditure in the governmental funds until paid, whereas they are expensed in the statement of activities when incurred	(1,008)
Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance current expenditures. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net increase in "unavailable" revenues at the end of the year over the amount at the beginning of the year.	(147,684)
Change in net assets of governmental activities (Exhibit 2)	<b><u>\$ (110,894)</u></b>

The accompanying notes to the financial statements are in integral part of this statement.



## CITY OF TAKOMA PARK, MARYLAND

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes and utility fees	\$ 8,153,554	\$ 8,153,554	\$ 8,115,007	\$ (38,547)
Licenses and permits	59,604	59,604	30,686	(28,918)
Fines and forfeitures	89,000	89,000	130,455	41,455
Use of money and property	185,500	185,500	174,989	(10,511)
Charges for services	595,000	599,503	569,734	(29,769)
Intergovernmental	3,437,821	3,437,821	3,403,661	(34,160)
Miscellaneous	140,700	140,700	652,055	511,355
Total revenues	<u>12,661,179</u>	<u>12,665,682</u>	<u>13,076,587</u>	<u>410,905</u>
<u>Expenditures</u>				
Current:				
General government	1,566,747	1,648,815	1,827,489	(178,674)
Public safety	4,329,323	4,345,041	3,938,439	406,602
Public works	2,962,811	2,973,949	2,979,599	(5,650)
Housing and community development	1,062,694	1,065,264	758,430	306,834
Recreation and culture	1,899,819	1,916,644	1,747,346	169,298
Non-departmental	601,078	494,262	405,142	89,120
Capital outlay	722,500	1,283,056	1,196,980	86,076
Debt service	255,522	1,080,179	1,054,933	25,246
Total expenditures	<u>13,400,494</u>	<u>14,807,210</u>	<u>13,908,358</u>	<u>898,852</u>
Excess (deficiency) of revenues over expenditures	(739,315)	(2,141,528)	(831,771)	1,309,757
<u>Other Financing Sources (Uses)</u>				
Operating transfers out	(30,735)	(34,234)	(330,929)	(296,695)
Loan proceeds	-	380,000	380,000	
Appropriation of fund balance	770,050	1,795,762	782,700	(1,013,062)
Total other financing sources (uses)	<u>739,315</u>	<u>2,141,528</u>	<u>831,771</u>	<u>(1,309,757)</u>
Excess of revenues and other financing sources over expenditures and other financing uses (Note 10)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the financial statements are in integral part of this statement.

## CITY OF TAKOMA PARK, MARYLAND

STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2003

	Police Pension Trust	Defined Contribution Plan	Total
<b>ASSETS</b>			
Investments with fiscal agents	\$ 1,860,531	\$ 23,293	\$ 1,883,824
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ 1,860,531	\$ 23,293	\$ 1,883,824

The accompanying notes to the financial statements are in integral part of this statement.

## CITY OF TAKOMA PARK, MARYLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2003

	Police Pension Trust	Defined Contribution Plan	Total
<b>ADDITIONS</b>			
Employer contributions	\$ 342,341	\$ 9,280	\$ 351,621
Employee contributions	124,569		
Investment loss	139,200	1,016	140,216
Total additions	606,110	10,296	616,406
<b>DEDUCTIONS</b>			
Benefit payments	134,887	-	134,887
Administrative expenses	45,642	36	45,678
	180,529	36	180,565
Net assets held in trust for pension benefits	425,581	10,260	435,841
Beginning of year	1,434,950	13,033	1,447,983
End of year	\$ 1,860,531	\$ 23,293	\$ 1,883,824

The accompanying notes to the financial statements are in integral part of this statement.

## **CITY OF TAKOMA PARK, MARYLAND**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003**

#### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. The following is a summary of the more significant policies:

##### **A. Reporting Entity**

The City of Takoma Park, Maryland (the City) was incorporated in 1890 with its legal authority derived from Chapter 310, Section 2 of the Annotated Code of Maryland. The City is to be construed to mean both the City and its inhabitants. Since inception, the City has operated under the Council-Manager form of government. Services provided include refuse, streets and drainage, recreation and parks, police, planning and zoning, community development, and housing services.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and City Council, the primary government and the following fiduciary funds.

City of Takoma Park Police Retirement Plan  
City of Takoma Park Employees 401(k) Plan

The City has no component units as defined by generally accepted accounting principles.

Additional information and actuarial reports for the pension plan and additional plan information for the 401(k) plan may be obtained from the City Clerk's office, 7500 Maple Avenue, Takoma Park, Maryland 20912.

##### **B. Government-Wide and Fund Financial Statements**

The statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the City. Eliminations have been made to remove the effect of interfund activity from these statements. Governmental activities are those which are supported by taxes and intergovernmental revenues, whereas business type activities are those supported through customer service charges. The City does not have any business type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges for services and grants and contributions restricted to the capital or operational requirements of specific programs or functions. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

## **CITY OF TAKOMA PARK, MARYLAND**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003**

#### **Note 1 - Summary of Significant Accounting Policies - Continued**

##### **B. Government-Wide and Fund Financial Statements - Continued**

Separate financial statements are shown for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

##### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in the year of levy and grants are recognized when all eligibility requirements are met. For pension trust funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Governmental fund statements are presented using the flow of economic resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). *Measurable* means the amount of the transaction that can be determined and *Available* means collected within 60 days of the year end. Expenditures are recorded when the related liability is incurred as in the accrual basis of accounting. However, principal and interest on long term debt and expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the state and county on behalf of the City, franchise taxes, revenues from other agencies, interest revenue and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes) and other revenues become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City has one major governmental fund, the general fund. It is used to account for all activities of the government not accounted for in another fund. The general fund accounts for the normal recurring activities of the City such as police, public works, recreation and parks, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges and grants from other governmental units.

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 1 - Summary of Significant Accounting Policies - Continued

##### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The effect of interfund activity has been eliminated from the government-wide financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

##### D. Assets, Liabilities and Net Assets or Equity

###### 1. *Cash equivalents and investments*

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government invest pool created by the state of Maryland. The pension Trust Funds are also authorized to invest in corporate bonds and notes, preferred stocks and common stocks. Investments are reported at fair value. Net assets available for benefits used to calculate the unfunded pension obligation in the Pension Trust Funds are also reported at fair value.

###### 2. *Receivables and payables*

Property taxes are reported at their estimated collectible value. The following summarizes the property tax calendar:

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 1 - Summary of Significant Accounting Policies - Continued

##### D. Assets, Liabilities and Net Assets or Equity - Continued 2. *Receivables and payables* - Continued

	<u>Real Property</u>	<u>Personal and Corporate</u>
Assessment Roll Validated:	Dec. 31	Jan. 1
Tax Rate Ordinance Approved:	June 30	June 30
Beginning of fiscal year for which taxes have been levied:	July 1	July 1
Tax bills Rendered and Due:	July 1	On County bill
Owner-occupied residential:	July 1 and Jan. 1	July 1 and Jan. 1
Property taxes payable:		
Delinquent	Oct. 1, Feb. 1	After 30 Days
Terms	60 Days	30 days
Delinquent interest	18%	18%

Information presented is for ~~A~~full year~~@~~levy. ~~A~~Half year~~@~~levy dates are each 6 months later, and relate to new construction in the first six months of the calendar year. A lien is attached to property on the billing date, becomes delinquent October 1 and is sold at tax sale by the end of 18 months.

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience bad debt. Receivables are shown net of such an allowance for uncollectibles. Real property taxes are generally fully collectible.

##### 3. *Capital Assets*

Capital assets, which include property, plant and equipment and infrastructure such as roads, storm drains and pipe systems are reported in the governmental fund in the government-wide financial statements. The City defines capital assets as those which have an acquisition cost or donated value of at least \$5,000 and an estimated useful life of three years or more. Such assets are valued at historical or estimated historical cost if actual is not available. Donated assets are stated at their donated value at the date of donation. The cost of normal maintenance and repairs that do not add value or extend asset lives are not capitalized.

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 1 - Summary of Significant Accounting Policies - Continued

##### D. Assets, Liabilities and Net Assets or Equity - Continued

###### 3. *Capital Assets* - Continued

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible capital assets are depreciated, which is charged as an expense against their operations. Accumulated depreciation is reported in the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows

Buildings	20-40 years
Improvements other than buildings	25-50 years
Equipment	4-10 years

###### 4. *Long-term obligations*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the governmental fund financial statements, the face amount of newly issued debt is reported as other financing sources and the amount of principal repayment is reported as an expenditure.

###### 5. *Compensated Absences*

Vested or accumulated vacation is accrued when earned by employees and a liability is recorded in the government-wide financial statements. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits as the City does not pay these amounts when employees separate from service.

The City pays all outstanding vacation leave at separation. The accrual is included in ~~Non-current Liabilities~~ in the government-wide statements and is \$362,836. A liability for vacation pay is recorded in the governmental fund financial statements only if they are expected to be liquidated with current resources.

###### 6. *Fund Equity*

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital (net of related debt), restricted and unrestricted.



## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 1 - Summary of Significant Accounting Policies - Continued

##### D. Assets, Liabilities and Net Assets or Equity - Continued

###### 6. *Fund Equity* - Continued

- *Invested in capital assets, net of related debt* - This category groups all capital assets including infrastructure into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net assets* - This category presents external restrictions imposed by creditors, grantors or laws and regulations of other governments.
- *Unrestricted net assets* - This category presents the net assets of the City not included elsewhere.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent management's tentative plans for their usage. These plans are subject to change.

#### Note 2 - Stewardship, Compliance and Accountability

##### A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City government.
3. In compliance with the City Charter, an amount (not less than 2% of total budgeted revenue) is included as part of the proposed expenditures as unappropriated reserves. The account is maintained to meet extraordinary or unanticipated expenditures as directed by the Council.
4. Subsequent to passage of the budget ordinance, the City Council may approve supplemental expenditures.

## **CITY OF TAKOMA PARK, MARYLAND**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003**

#### **Note 2 - Stewardship, Compliance and Accountability - Continued**

##### **A. Budgetary Information - Continued**

5. Management may make adjustments to the budget up to \$10,000 without approval of the governing body.
6. At the end of the fiscal year, unencumbered appropriations lapse.
7. The budget for the General Fund and the following funds within the Special Revenue Fund Types: Storm Water Management, Community Development Block Grant, Program Open Space and Other Special Revenue are adopted on a basis consistent with budget estimates. Budgetary control is maintained at the fund level.
8. The budget information presented in the accompanying general purpose financial statements includes all budget ordinances and amendments as approved by the Mayor and City Council for the fiscal year ending June 30, 2003. No annual budget and actual comparisons are presented in the general purpose financial statements for governmental funds utilizing project based budgets.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances on the balance sheet since they do not constitute expenditures or liabilities under the GAAP basis of accounting.

##### **B. Reconciliation of Budgetary Basis and GAAP Basis**

Actual results of operations are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Revised Budget and Actual - General Fund and Special Revenue Fund Types on the non-GAAP budget basis of accounting in order to provide a meaningful comparison of actual results with budget estimates. Under the budget basis, encumbrances are recorded as the equivalent of expenditures, as opposed to only a reservation of fund balance as on a GAAP basis. Additionally, interest earned on amounts held as reservations of fund balance are not budgeted and; therefore, are excluded under the budget basis. The other financial statements are presented on the GAAP basis.

Adjustments necessary to convert the results of operations and fund balance for fiscal year 2003 from the budget basis to the GAAP basis are as follows:

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 2 - Stewardship, Compliance and Accountability - Continued

##### B. Reconciliation of Budgetary Basis and GAAP Basis - Continued

	<u>Revenues</u>	<u>Other Financing Sources (Uses)</u>	<u>Expenditures and Encumbrance</u> s	<u>Current Year Effect on Fund Balance</u>
<u>General Fund</u>				
Budget basis	\$13,076,587	\$831,771	\$13,908,358	\$ -
Fund balance usage	-	(782,700)	-	(782,700)
Effect of encumbrances	-	-	(155,740)	155,740
GAAP basis	<u>\$13,076,587</u>	<u>\$49,071</u>	<u>\$13,752,618</u>	<u>\$(626,960)</u>

#### Note 3 - Cash and Temporary Investments

The City maintains its funds in a commercial bank and the Maryland Local Government Investment Pool that is available for use by all of the City's funds. Additionally, separate cash accounts are maintained by the Community Development Block Grant (CDBG) and Rehabilitation Loans and Grants Funds.

##### A. Deposits

At year-end, the carrying amount of the City's deposits was \$302,011 and the bank balance was \$514,728. Of the bank balance, \$170,177 was covered by federal depository insurance and \$344,551 was uncollateralized. The cash balance also includes cash on hand of \$1,227.

The carrying amount and bank balances above include \$70,177 of money market funds included in the pension trust fund.

Statutes authorize secured time deposits in Maryland banks and require uninsured deposits to be fully collateralized.

##### B. Investments

Statutes authorize the City to invest in obligations of the United States government, federal government agency obligations, and repurchase agreements secured by direct government or agency obligations.

The City is a participant of the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state a safe investment vehicle for the short term investment of funds. The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by a single Baltimore based financial institution, Mercantile-Safe Deposit and Trust Company. An MLGIP Advisory Committee of current participants was formed to review, on a quarterly basis, the activities of the Fund and to provide suggestions to

# CITY OF TAKOMA PARK, MARYLAND

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

### Note 3 - Cash and Temporary Investments - Continued

#### B. Investments - Continued

enhance the pool. The fair value of the position in the pool is the same as the value of the pool net assets (shares).

The City's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a broker's safekeeping department or by its agent, but not in the City's name.

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Repurchase agreements	\$ -	\$682,421	\$ -	\$ 682,421	\$ 682,421
U.S. Agency obligations	100,031	-	-	100,031	100,031
Marketable certificates of deposit	<u>2,160,870</u>	<u>-</u>	<u>-</u>	2,160,870	2,160,870
	<u>\$2,260,901</u>	<u>\$682,421</u>	<u>\$ -</u>		
<u>Investments Not Requiring Categorization</u>					
Investments in the Maryland Local					
Government Investment Pool				1,244,395	1,244,395
Mutual funds				<u>1,813,647</u>	<u>1,813,647</u>
				<u>\$6,001,364</u>	<u>\$6,001,364</u>

The City had funds in the amount of \$23,293 on deposit with the International City Management Retirement Corporation related to its defined contribution plan. These funds are part of collateralized investment pools and are reported at fair value.

### Note 4 - Property Taxes

Taxes are levied as of July 1 and are delinquent after September 30. Property taxes are attached as an enforceable lien on the underlying properties and are sold at public auction in the succeeding June by Montgomery County. Property tax revenues are recognized in the year levied and when they become available, including amounts expected to be collected soon enough after the end of the year to be used to pay liabilities of the current period (estimated by the City as 60 days). At June 30, 2003 taxes receivable, net of an allowance for uncollectibles of \$105,883 amounted to \$150,747.

Real and personal property taxes are levied at rates enacted by the Mayor and Council in the annual budget ordinance on the assessed value of the property as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings.

# CITY OF TAKOMA PARK, MARYLAND

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

### Note 4 - Property Taxes - Continued

The real and personal property tax rate for fiscal year 2003 was \$.66 per \$100 and \$1.605 per \$100, respectively, of assessed value. The City charges taxpayers interest (at the rate of 2/3 of 1% per month) and penalties (at the rate of 1% per month) on all overdue taxes.

### Note 5 - Notes Receivable *Special Revenue Funds*

Notes receivable in the Special Revenue Funds consist mainly of below market interest rate loans made to City homeowners of low and moderate income through the rehabilitation loan and grant program, for the purpose of conforming their homes to locally adopted codes. These notes are amortized over periods in excess of one year and; therefore, a reservation of fund balance has been provided to reflect the noncurrent nature of these receivables (see Note 9). At June 30, 2003, notes receivable - Special Revenue Funds, net of allowances for uncollectibles of \$27,403, amounted to \$256,471.

### Note 6 - Interfund Balances

The balances at June 30, 2003 of individual fund interfund borrowings were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 910,936	\$ 81,764
Special Revenue Funds:		
Rehabilitation loans and grants	-	3,213
Montgomery County – CDBG	658,659	834,025
Program open space	-	187,645
Other special revenue	-	313,661
Stormwater management	132,073	-
Community center	-	281,360
Total Special Revenue Funds	<u>790,732</u>	<u>1,619,904</u>
Total	<u>\$1,701,668</u>	<u>\$1,701,668</u>

### Note 7 - Due From Other Governments

The June 30, 2003 General Fund balance of due from other governments is as

State of Maryland:	
Bond proceeds	\$1,617,966
Income tax	121,250
Income tax reserve	395,552
Highway user tax	47,143
Grants	489,835
Other	<u>63,178</u>
	2,734,924
Montgomery County – grants	<u>796,361</u>
Total	<u>\$3,531,285</u>

# CITY OF TAKOMA PARK, MARYLAND

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

### Note 8 - General Fixed Assets and Other Property

A summary of changes in the General Fixed Assets Account Group during fiscal year 2003 follows:

	Balance June 30, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	GASB #34 <u>Adjustments</u>	Balance June 30, <u>2003</u>
<u>Capital Assets (not being depreciated)</u>					
Land	\$1,731,632	\$ -	\$ -	\$ 49,637	\$1,781,269
<u>Capital Assets (being depreciated)</u>					
Buildings	3,094,397	30,739	-	(150,495)	2,974,641
Improvements other than buildings	1,241,864	168,060	-	(260,542)	1,149,382
Equipment	<u>4,352,442</u>	<u>368,739</u>	<u>67,917</u>	<u>(1,539,217)</u>	<u>3,114,047</u>
	8,688,703	567,538	67,917	(1,950,254)	7,238,070
<u>Less – accumulated depreciation for:</u>					
Buildings	(1,441,751)	(103,911)	-	-	(1,545,662)
Improvements other than buildings	(463,301)	(47,290)	-	-	(510,591)
Equipment	<u>(1,431,852)</u>	<u>(242,610)</u>	<u>(61,858)</u>	<u>-</u>	<u>(1,612,604)</u>
	<u>(3,336,904)</u>	<u>(393,811)</u>	<u>(61,858)</u>	<u>-</u>	<u>(3,668,857)</u>
Total capital assets	<u>\$7,083,431</u>	<u>\$173,727</u>	<u>\$ 6,059</u>	<u>\$(1,900,615)</u>	<u>\$5,350,482</u>

### Note 9 - Long-Term Debt

(a) The following is a summary of changes in the City's general long-term debt for the year ended June 30, 2003:

	Balance June 30, <u>2002</u>	Net Increase (Decrease)	Balance June 30, <u>2003</u>	Coupon Interest <u>Rate</u>	Date of <u>Maturity</u>
<u>Notes Payable</u>					
Long-term note - Maryland Industrial and Commercial Redevelopment Fund (MICRF)	\$ 31,719	\$ 5,541	\$ 37,260	7.1%	January, 1997
Loan payable - Montgomery County	355,000	(50,000)	305,000	N/A	Through 2009
<u>Other Long-Term Liabilities</u>					
Bonds payable	277,333	(20,167)	257,166	8%	September 2015
Bonds payable	865,000	(865,000)	-	Variable	November 2012
Bonds payable	2,048,700	(69,900)	1,978,800	Variable	May 2002
Capital lease payable	21,543	(21,543)	-	5.97%	May 2003
Capital lease payable	-	344,461	344,461	11.33%	April 2002
Capital lease payable	28,531	(28,531)	-	8.41%	October 2002
Accrued obligations for compensated absences	438,275	14,228	452,503	N/A	N/A
Net pension obligation	<u>12,589</u>	<u>1,008</u>	<u>13,597</u>	N/A	N/A
Total general long-term debt	<u>\$4,078,690</u>	<u>\$(689,903)</u>	<u>\$3,388,787</u>		

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2003

Note 9 - Long-Term Debt - Continued

- (b) On January 14, 1991, the City entered into a loan agreement with the Maryland Industrial and Commercial Redevelopment Fund (MICRF) in the amount of \$297,000. The City (borrower), in turn, entered into a loan agreement with a developer to finance the costs of a commercial redevelopment project at a site known as A6 Grant Avenue.@

The original agreement between MICRF and the City provided for interest at a rate of 7.1% per annum. Beginning in April 1993, quarterly payments were to be made to MICRF by the City in the amount of \$27,697, which included principal and interest. The final payment was due in January 1997. MICRF agreed to extend the date of the principal payments beyond the original due date because the developer was negotiating to sell the property in 1997. On September 29, 1997, the developer sold the property and \$245,281 was remitted to the City from the sale proceeds, thus satisfying the developer's debt to the City. Proceeds from the sale were remitted to the State.

On February 3, 2003, the City and State renegotiated the remaining balance to a 7.1% loan, maturing on February 1, 2011. The principal is to be repaid in eight annual installments of \$5,000 and one final payment of \$2,260.

- (c) On September 15, 1996, the City issued \$315,000 of 8% bonds payable in annual installments through the year 2016. The issue proceeds are to be used to fund general obligations of the City.

The annual installments for the repayment of the loan and bond as of June 30, 2003 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>		<u>Interest</u>
	<u>Loan</u>	<u>Bond</u>	
2004	\$ 5,000	\$ 20,167	\$ 23,071
2005	5,000	20,167	21,103
2006	5,000	20,167	19,135
2007	5,000	20,167	17,166
2008	5,000	20,167	15,198
2009-2013	12,260	100,833	47,582
2014-2016	-	55,498	8,482
Total	<u>\$37,260</u>	<u>\$257,166</u>	<u>\$151,737</u>

- (d) On February 1, 1997, the City participated in a bond issuance with the Maryland Economic Development Corporation. The issuance was limited to an aggregate principal amount of \$1,390,000 used to fund infrastructure improvements, acquisition of equipment, renovation of various City buildings, and payment of costs of issuance and other related costs. The City paid this debt in its entirety during the year ended June 30, 2003.

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 9 - Long-Term Debt - Continued

- (e) On April 16, 2002 the City participated in a bond issuance with the Maryland Department of housing and Community Development. The issuance was limited to an aggregate principal balance of \$2,048,700 to be used for the construction of a community center.

The annual installments for the repayment of the bond as of June 30, 2003 are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 71,800	\$ 82,823
2005	73,300	80,669
2006	76,700	78,470
2007	78,400	75,977
2008	81,900	73,390
2009-2013	460,700	318,764
2014-2016	571,200	214,353
2019-2022	<u>564,800</u>	<u>69,105</u>
Total	<u>\$1,978,800</u>	<u>\$ 993,551</u>

- (g) The City entered into a Memorandum of Understanding Agreement with Montgomery County, Maryland during fiscal Year 2000 related to certain infrastructure repair work in the Area of Pinecrest. Under this agreement, the County made an interest free loan to the City in the amount of \$455,000 to be used for the infrastructure repair work. As repayment to the County, the County will reduce its annual Municipal Tax Duplication payments to the City for a period of nine years beginning in fiscal Year 2000.

The reductions will be made as follows:

<u>Fiscal Years</u>	
2004	\$ 50,000
2005	50,000
2006	50,000
2007	50,000
2008	50,000
2009	<u>55,000</u>
Total	<u>\$305,000</u>

- (h) From time to time, the City has issued industrial revenue bonds pursuant to the Maryland Economic Development Revenue Bond Act to provide financial assistance to a local hospital. These bonds facilitate certain capital expenditures, construction projects, acquisition of equipment, and refinancing of prior indebtedness of the Washington Adventist Hospital. By promoting increased industry and commerce,



## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 9 - Long-Term Debt - Continued

retention of existing industry and commerce, and generally promoting the health, welfare, and safety of the residents of the City, the issuance of these bonds is deemed to be in the public interest. Neither the bond principal or interest thereon shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2003, the aggregate principal amount of the outstanding bonds owed by the hospital was \$38,255,000.

#### Note 10 - Fund Balances

The fund balance of the Governmental Funds are reserved for the following:

	General Fund	Special Revenue Funds
Notes receivable	\$ -	\$250,547
Bond proceeds	1,617,967	-
Equipment replacement	1,013,276	-
Emergency	304,801	-
Encumbrances	155,740	-
Community Center	300,000	-
Workers=Compensation Insurance Deposit	152,772	-
	<u>\$3,544,556</u>	<u>\$250,547</u>

The City has reserved \$1,013,276 and \$304,801 at June 30, 2003 for Equipment Replacement and Emergency, respectively, in compliance with the City Charter. The Charter requires a reservation for replacement of major pieces of equipment whose cost is a minimum of 5% of annual General Fund revenues. The Charter also requires a minimum reservation of \$250,000 to cover emergencies, plus a percentage increase each year, equal to the percentage increase in the Consumer Price Index. Amounts are to be used for future equipment replacement and emergencies as deemed necessary by the Mayor and City Council.

The fund balance of the General Fund at June 30, 2003 is reserved for \$152,772 to reflect deposits the City made with the injured workers insurance fund.

The reserve for bond proceeds represents the amount of the proceeds for the Community Center which have yet to be drawn down.

The fund balance of the Special Revenue Funds is reserved for the noncurrent nature of notes receivable in the amount of \$250,547.

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 10 - Retirement Commitments

##### (a) Pension Plans

###### Plan Description

The employees of the City are covered by the following agent multiple-employer pension systems:

\$ Employees=Retirement System of the State of Maryland

\$ Pension System for Employees of the State of Maryland

which provide pension and death and disability benefits to plan members and beneficiaries. The plan is administered by the State Retirement Agency (AAgency@. Responsibility for the administration and operation of the System is vested in a 14-member Board of Trustees. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, or by calling (410) 767-1400.

###### Funding Policy

The State Personnel and Pensions Article requires active members to contribute to the System at the rate of 2% or 7% of their covered salary depending upon the retirement option selected. The combined State contribution rate for 2001 of 9.31% of covered payroll is established by annual actuarial valuations. The rate is sufficient to fund normal costs and amortize the unfunded actuarial accrued liability over a 40-year period (as provided by law) from July 1, 1980.

###### Annual Pension Cost

For the year ended June 30, 2003, the City's annual pension cost of \$210,772 was equal to its required and actual contributions. This required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return, compounded annually, (b) projected salary increases of 5% compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.94% to 6.82% per year attributable to seniority and merit, (d) post-retirement benefit increases ranging from 3% to 6% per year depending on the system, (e) rates of mortality, termination of service, disablement and retirement based on actual experience from 1981 to 1996, and (f) the aggregate active member payroll is assumed to increase by 5% annually. The actuarial value of the Systems=assets was determined using

# CITY OF TAKOMA PARK, MARYLAND

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

### Note 10 - Retirement Commitments - Continued

#### (a) Pension Plans - Continued

##### Annual Pension Cost - Continued

techniques that smooth the effects of short term volatility in the market value of investments by using a simplified three-year moving average. The City's unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2003 was 17 years.

Three-year trend information for The City of Takoma Park Employees Retirement and Pension System:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2002	\$210,772	100%	\$0
June 30, 2001	292,075	100%	\$0
June 30, 2000	431,000	100%	\$0

Required Supplemental Information - Schedule of Fund Progress for the State Retirement and Pension Systems of Maryland. (expressed in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
June 30, 2002	\$32,323,263	\$34,131,284	\$1,808,021	94.70%	\$7,867,794	22.98%
June 30, 2001	31,914,778	32,469,942	555,164	98.29%	7,418,720	7.48%
June 30, 2000	30,649,380	30,279,866	(369,514)	101.22%	6,796,240	(5.44)%

The above information is for the system as a whole because it is not made available for individual participants.

#### (b) 457 Deferred Compensation Plan

All employees of the City government may participate in the deferred compensation plan organized under the Internal Revenue Code Section 457, and administered by International City Management Association Retirement Corporation (ICMA-RC®). Under the terms of the plan, participating employees may have a portion of their salaries withheld, subject to limitations imposed by the Internal Revenue Service, and invested in the plan. All taxes are deferred on these contributions and related earnings until the participant terminates from the plan. The City is in compliance with the Internal Revenue Code Section 457(g) requiring all assets and income of the plan to be held in trust for the exclusive benefit of participants and their beneficiaries. Management's involvement with the plan is limited to transferring amounts withheld from payroll to the Plan Administrator. Management has little administrative involvement with the plan and does not perform the investing function for the plan. Accordingly, the fair value of the plan assets are not reflected in the City's financial statements.

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 10 - Retirement Commitments - Continued

##### (c) Defined Contributions Plan

###### Plan Description

The City of Takoma Park Governmental Money Purchase Plan & Trust is a defined contribution pension plan established to provide benefits to the City Administrator. At June 30, 2003 there was one plan participant. The City is required to contribute \$5,000 each year and the participant is not required to contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the City of Takoma Park Council. The City's contribution to the plan of the year ended June 30, 2003 was \$5,000.

###### Significant Accounting Policies

###### Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due.

###### Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated values.

##### (d) Police Department Pension Plan

###### Description of Plan

###### General

This Pension Plan is a single-employer contributory defined benefit pension plan established by City ordinance. The plan is governed by the City of Takoma Park which is responsible for the management of plan assets. The City has delegated the authority to manage plan assets to Bolton Offutt Donovan, Inc.

###### Plan Membership

As of July 1, 2003, the pension plan's membership consisted of:

Active employees	37
Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to benefits but not yet receiving them	<u>1</u>
Total	<u>45</u>

## CITY OF TAKOMA PARK, MARYLAND

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

#### Note 10 - Retirement Commitments - Continued

##### (d) Police Department Pension Plan- Continued

###### Contribution Information and Funding Policy

The plan covers sworn police officers who are employed on a regular full-time basis who are not participants in the defined contribution plan. Provisions of the Plan include retirement, disability and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided at the discretion of the City Council.

Contributions to the Plan made by the City are based on an actuarially determined rate. The police officers contribute to the plan based on 7% of salaries. Member's actual contributions were \$124,569 at June 30, 2003. Administrative costs are financed through investment earnings.

The contribution requirements of the City are established and may be amended by the City Council. The actuarially required contribution rate and the amount paid into the plan for the year ended June 30, 2003 was \$342,341.

###### Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$342,341
Interest on NPO	<u>1,008</u>
Annual pension cost	343,349
Contributions made	<u>(342,341)</u>
Increase in net pension obligation	1,008
Net pension obligation beginning of year	<u>12,589</u>
Net pension obligation end of year	<u>\$ 13,597</u>

The annual required contribution for the current year was determined as part of the first actuarial valuation on July 1, 2001 using the projected unit credit method. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses) and (b) projected salary increases at 5.5% compounded annually per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using the market value method. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at June 30, 2001 was 20 years, which is reestablished each year.

# CITY OF TAKOMA PARK, MARYLAND

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS JUNE 30, 2003

### Note 10 - Retirement Commitments - Continued

#### (d) Police Department Pension Plan- Continued

#### Annual Pension Cost and net Pension Obligation - Continued

#### Trend Information

(Dollar amounts in thousands)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2002	\$343,348	99.7%	\$ 1,007
June 30, 2001	351,219	96.4%	12,589

#### Required Supplemental Information - Schedule of Fund Progress for the Police Department Pension Plan. (expressed in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
July 1, 2003	\$1,860,531	\$7,245,960	\$5,385,429	25.7%	\$1,856,566	290.1%
July 1, 2002	1,434,950	5,934,249	4,499,299	24.2%	1,923,210	233.9%
July 1, 2001	1,225,888	5,717,108	4,491,220	21.4%	1,857,977	241.7%

### Note 11 - Commitments and Contingent Liabilities

The City participates in certain federally-assisted grant programs, the principal of which are Community Development Block Grants. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial which has been the case in previous program audits.

### Note 12 - Post Retirement Benefits

The City does not provide and therefore has no liability for post retirement benefits at June 30, 2003.

### Note 13 - Risk Management

The City's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For property, general, excess and environmental liability coverage, the City became a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement.

**CITY OF TAKOMA PARK, MARYLAND**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003**

Note 13 - Risk Management - Continued

The City pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage in any of the past three fiscal years.

The City is fully insured for worker's compensation through the Montgomery County Self Insurance Plan. Employees are bonded through commercial insurance carriers to limit the loss to the City in the event of employees committing acts of embezzlement or theft.

**CITY OF TAKOMA PARK, MARYLAND**

**SUPPLEMENTAL INFORMATION**

**JUNE 30, 2003**



## CITY OF TAKOMA PARK, MARYLAND

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE- REVISED BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
<u>Taxes</u>				
<u>Property</u>				
Real property	\$ 5,717,267	\$ 5,717,267	\$ 5,680,412	\$ (36,855)
Business or other property	519,034	519,034	573,865	54,831
Total property	6,236,301	6,236,301	6,254,277	17,976
<u>Shared taxes</u>				
Highway	418,253	418,253	410,920	(7,333)
Income tax	1,499,000	1,499,000	1,449,810	(49,190)
Total shared taxes	1,917,253	1,917,253	1,860,730	(56,523)
Total taxes	8,153,554	8,153,554	8,115,007	(38,547)
Licenses and permits	59,604	59,604	30,686	(28,918)
Fines and forfeitures	89,000	89,000	130,455	41,455
<u>Use of Money and Property</u>				
Interest	180,000	180,000	172,176	(7,824)
Xerox commissions	5,500	5,500	2,813	(2,687)
Total use of money and property	185,500	185,500	174,989	(10,511)
<u>Charges for Services</u>				
Library fines	25,000	25,000	19,237	(5,763)
Protective inspection fees	276,000	276,000	218,959	(57,041)
Waste collection and disposal	86,000	86,000	79,925	(6,075)
Takoma/Langley facility	33,000	33,000	64,094	31,094
Other	175,000	179,503	192,335	12,832
Total charges for services	595,000	599,503	574,550	(24,953)

## CITY OF TAKOMA PARK, MARYLAND

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE- REVISED BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>Revenues - Continued</u>				
<u>Intergovernmental Revenues</u>				
Police protection	455,886	455,886	370,891	(84,995)
Bank share tax	5,643	5,643	5,643	-
Other County grants	58,329	58,329	81,685	23,356
Montgomery County Tax duplication payments	2,817,963	2,817,963	2,840,242	22,279
Takoma/Langley Recreation Center	100,000	100,000	100,000	-
Total intergovernmental revenues	3,437,821	3,437,821	3,398,461	(39,360)
Miscellaneous revenue - other	140,700	140,700	652,439	511,739
Total revenues	12,661,179	12,665,682	13,076,587	410,905
<u>Expenditures</u>				
<u>General Government</u>				
Mayor and Council	61,000	61,000	54,920	6,080
City administrator	895,826	903,055	936,911	(33,856)
Finance	332,704	335,043	331,115	3,928
Law	97,000	114,000	253,526	(139,526)
Systems Administration	180,217	235,717	251,017	(15,300)
Total general government	1,566,747	1,648,815	1,827,489	(178,674)
<u>Public Safety</u>				
Office of the Chief	483,308	483,308	323,731	159,577
Community services	315,866	316,871	306,685	10,186
Patrol	2,169,448	2,177,835	2,364,870	(187,035)
Criminal investigations	731,654	733,559	443,825	289,734
Administration	629,047	633,468	499,328	134,140
Total public safety	4,329,323	4,345,041	3,938,439	406,602
<u>Public Works</u>				
Administration	219,917	221,882	323,877	(101,995)
Government buildings	440,022	440,879	482,929	(42,050)
Repair shop	431,795	431,795	387,803	43,992
Sanitation	690,615	694,062	695,974	(1,912)
Right of way	1,180,462	1,185,331	1,089,015	96,316
Total public works	2,962,811	2,973,949	2,979,598	(5,649)

CITY OF TAKOMA PARK, MARYLAND

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE- REVISED BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>Expenditures - Continued</u>				
<u>Housing and Community Development</u>				
Administration	1,062,694	1,065,264	758,430	306,834
<u>Recreation and Culture</u>				
Administration	979,969	983,297	875,888	107,409
Library and media	919,850	933,347	871,458	61,889
Total recreation and culture	1,899,819	1,916,644	1,747,346	169,298
Nondepartmental (primarily fire service and insurance)	601,078	494,262	405,143	89,119
Capital Outlay	722,500	1,283,056	1,196,980	86,076
<u>Debt Service</u>				
Repayments	255,522	1,080,179	1,054,933	25,246
Total debt service	255,522	1,080,179	1,054,933	25,246
Total expenditures	13,400,494	14,807,210	13,908,358	898,852
Excess (deficiency) of revenues over expenditures	(739,315)	(2,141,528)	(831,771)	1,309,757
<u>Other Financing Sources (Uses)</u>				
Loan proceeds	-	380,000	380,000	-
Operating transfers to Special Revenue Fund	(30,735)	(34,234)	(330,929)	(296,695)
Appropriation of fund balance	770,050	1,795,762	782,700	(1,013,062)
Total other financing sources (uses)	739,315	2,141,528	831,771	(1,309,757)
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -

## CITY OF TAKOMA PARK, MARYLAND

**NON-MAJOR FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2003**  
(With Comparative Totals for 2002)

	Stormwater Management	Rehabilitation Loans and Grants	Montgomery County Community Development Block Grants	Program Open Space	Other Special Revenue	Community Center	Totals	
							2003	2002
<u>ASSETS</u>								
Cash and temporary investments	\$ 198,687	\$ 5,924	\$ 115,174	\$ -	\$ -	\$ -	\$ 319,785	\$ 413,562
Notes receivable, net	-	250,547	-	-	-	-	250,547	266,497
Other receivables	79,300	-	-	-	1,457	-	80,757	84,545
Due from General Fund	81,763	-	-	-	-	-	81,763	308
Due from other funds	50,310	-	658,659	-	-	-	708,969	-
Due from other governments	-	-	4,162	199,675	635,770	461,531	1,301,138	1,114,991
Total assets	<u>\$ 410,060</u>	<u>\$ 256,471</u>	<u>\$ 777,995</u>	<u>\$ 199,675</u>	<u>\$ 637,227</u>	<u>\$ 461,531</u>	<u>\$ 2,742,959</u>	<u>\$ 1,879,903</u>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	115,214	-	-	12,030	45,027	180,171	352,442	143,413
Due to General Fund	-	2,905	834,025	-	-	74,005	910,935	744,866
Due to other funds	-	308	-	187,645	313,661	207,355	708,969	-
Due to other governments	-	2,616	-	-	-	-	2,616	16,079
Deferred revenue	50,165	-	-	-	278,539	-	328,704	329,046
Total liabilities	<u>165,379</u>	<u>5,829</u>	<u>834,025</u>	<u>199,675</u>	<u>637,227</u>	<u>461,531</u>	<u>2,303,666</u>	<u>1,233,404</u>
<u>Fund Balances</u>								
Reserved for notes receivable	-	250,547	-	-	-	-	250,547	266,497
Total reserved	<u>-</u>	<u>250,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,547</u>	<u>266,497</u>
Unreserved, designated for debt payments	-	-	-	-	-	-	-	129,140
Unreserved (deficit), undesignated	244,681	95	(56,030)	-	-	-	188,746	250,862
Total fund balances	<u>244,681</u>	<u>250,642</u>	<u>(56,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,293</u>	<u>646,499</u>
Total liabilities and fund balances	<u>\$ 410,060</u>	<u>\$ 256,471</u>	<u>\$ 777,995</u>	<u>\$ 199,675</u>	<u>\$ 637,227</u>	<u>\$ 461,531</u>	<u>\$ 2,742,959</u>	<u>\$ 1,879,903</u>

## CITY OF TAKOMA PARK, MARYLAND

**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2003**  
(With Comparative Totals for 2002)

	Stormwater Management	Rehabilitation Loans and Grants	Montgomery County Community Development Block Grants	Program Open Space	Other Special Revenue	Community Center	Totals	
							2003	2002
<b>Revenues</b>								
Licenses and permits	\$ 1,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,242	\$ 6,487
Use of money and property - interest income	15,383	700	-	-	-	-	16,083	8,070
Charges for services	214,578	-	-	-	-	-	214,578	224,350
Intergovernmental grants and contracts	-	-	6,720	224,522	467,499	239,970	938,711	1,011,966
Total revenues	231,203	700	6,720	224,522	467,499	239,970	1,170,614	1,250,873
<b>Expenditures</b>								
General government	-	12,335	63,052	-	145,510	565,517	786,414	40,898
Public safety	-	-	-	-	105,959	-	105,959	75,213
Public works	159,288	-	-	-	217,011	-	376,299	148,690
Housing and community development	-	-	-	-	-	-	-	316,806
Recreation and culture	-	-	-	227,421	1,200	-	228,621	383,008
Capital outlay	67,316	-	-	-	-	-	67,316	311,000
Debt service	144,140	-	-	-	-	-	144,140	27,914
Total expenditures	370,744	12,335	63,052	227,421	469,680	565,517	1,708,749	1,303,529
Excess (deficiency) of revenues over expenditures	(139,541)	(11,635)	(56,332)	(2,899)	(2,181)	(325,547)	(538,135)	(52,656)
<b>Other financing sources (uses)</b>								
Loan proceeds	-	-	-	-	-	-	-	120,129
Operating transfer from General Fund	-	-	302	2,899	2,181	325,547	330,929	11,927
	-	-	302	2,899	2,181	325,547	330,929	132,056
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(139,541)	(11,635)	(56,030)	-	-	-	(207,206)	79,400
Fund balances - beginning of year	384,222	262,277	-	-	-	-	646,499	567,099
Fund balances - end of year	\$ 244,681	\$ 250,642	\$ (56,030)	\$ -	\$ -	\$ -	\$ 439,293	\$ 646,499

## CITY OF TAKOMA PARK, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**MONTGOMERY COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Intergovernmental - grants and contracts	\$ 25,050	\$ 25,050	\$ 6,720	\$ (18,330)
Total revenues	25,050	25,050	6,720	(18,330)
<u>Expenditures</u>				
General government	25,050	25,050	63,052	(38,002)
Total expenditures	25,050	25,050	63,052	(38,002)
Excess (deficiency) of revenues over expenditures	-	-	(56,332)	56,332
<u>Other financing sources (uses)</u>				
Operating transfer from General Fund	-	-	302	302
	-	-	302	302
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ (56,030)	\$ (56,030)

## CITY OF TAKOMA PARK, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**PROGRAM OPEN SPACE**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Intergovernmental - grants and contracts	\$ 309,875	\$ 324,426	\$ 224,522	\$ (99,904)
Total revenues	309,875	324,426	224,522	(85,353)
<u>Expenditures</u>				
Recreation and culture	336,500	353,950	227,421	126,529
Total expenditures	336,500	353,950	227,421	126,529
Excess (deficiency) of revenues over expenditures	(26,625)	(29,524)	(2,899)	(26,625)
<u>Other financing sources (uses)</u>				
Operating transfer from General Fund	26,625	29,524	2,899	(26,625)
	26,625	29,524	2,899	(26,625)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -

## CITY OF TAKOMA PARK, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OTHER SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>				
Intergovernmental - grants and contracts	\$ 2,431,894	\$ 2,537,776	\$ 467,499	\$ (2,070,277)
Total revenues	2,431,894	2,537,776	467,499	(2,070,277)
<u>Expenditures</u>				
General government	2,100,275	2,100,275	145,510	1,954,765
Public safety	41,091	146,373	105,959	40,414
Public works	294,638	294,638	217,011	77,627
Recreation and culture	-	1,200	1,200	-
Total expenditures	2,436,004	2,542,486	469,680	2,072,806
Excess (deficiency) of revenues over expenditures	(4,110)	(4,710)	(2,181)	2,529
<u>Other financing sources (uses)</u>				
Operating transfer from General Fund	4,110	4,710	2,181	(2,529)
	4,110	4,710	2,181	(2,529)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ -	\$ -



## CITY OF TAKOMA PARK, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
COMMUNITY CENTER  
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>				
Intergovernmental - grants and contracts	\$ 5,000,000	\$ 5,000,000	\$ 239,970	\$ (4,760,030)
Total revenues	5,000,000	5,000,000	239,970	(4,760,030)
<u>Expenditures</u>				
General government	4,300,000	4,300,000	565,517	(3,734,483)
Total expenditures	4,300,000	4,300,000	565,517	(3,734,483)
Excess (deficiency) of revenues over expenditures	700,000	700,000	(325,547)	(1,025,547)
<u>Other financing sources (uses)</u>				
City designated funds	300,000	300,000	-	(300,000)
Operating transfer from General Fund	-	-	325,547	325,547
	300,000	300,000	325,547	325,547
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)

## **STATISTICAL SECTION**

**CITY OF TAKOMA PARK, MARYLAND**

**GOVERNMENT-WIDE EXPENSES BY FUNCTION**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Housing and Community Development</u>	<u>Recreation and Culture</u>	<u>Nondepartmental</u>	<u>Interest</u>	<u>Total</u>
2003 <sup>(1)</sup>	\$2,738,005	\$4,115,905	\$3,499,188	\$763,328	\$2,006,076	\$981,302	\$106,606	\$14,210,410

<sup>(1)</sup> This is the first year of GASB 34 required compliance.

**CITY OF TAKOMA PARK, MARYLAND**

**GOVERNMENT-WIDE REVENUES**

<b>PROGRAM REVENUES</b>				<b>GENERAL REVENUES</b>			
<u>Fiscal Year</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Taxes</u>	<u>Unrestricted Investment Income</u>	<u>Miscellaneous</u>	<u>TOTAL</u>
2003 <sup>(1)</sup>	\$941,079	\$4,534,872	\$239,970	\$7,562,018	\$191,071	\$630,506	\$14,099,516

<sup>(1)</sup> This is the first year of GASB 34 required compliance.

# CITY OF TAKOMA PARK, MARYLAND

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works <sup>(1)</sup></u>	<u>Housing and Community Development</u>	<u>Recreation and Culture <sup>(2)</sup></u>	<u>Nondepartmental</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
2003	\$2,613,903	\$4,044,399	\$3,355,898	\$ 758,430	\$1,975,967	\$ 403,593	\$1,110,105	\$1,199,072	\$15,461,367
2002	1,550,891	3,827,164	2,865,254	1,069,886	2,049,767	375,403	1,033,833	327,963	13,100,161
2001	1,332,838	3,644,243	4,294,887	1,265,699	1,675,491	432,579	427,335	288,425	13,361,497
2000	1,221,221	3,651,666	3,305,849	949,947	1,689,589	461,884	443,692	322,181	12,046,029
1999	1,169,797	3,305,933	2,854,632	986,332	1,605,112	397,504	666,083	277,006	11,262,399
1998	1,117,963	3,132,713	2,754,795	1,006,908	1,446,407	455,788	568,941	574,251	11,057,766
1997	1,158,048	3,024,822	2,689,575	1,078,032	1,148,876	1,237,021	1,335,360	138,240	11,809,974
1996	1,111,832	2,846,582	2,785,904	927,126	1,245,639	1,106,815	1,218,726	129,768	11,372,392
1995	1,355,406	2,396,844	2,453,485	826,226	1,063,650	1,089,110	785,844	108,275	10,078,840
1994	1,215,174	2,311,638	2,526,099	669,954	1,145,565	1,005,923	232,871	119,736	9,226,960

<sup>(1)</sup> Includes Storm Water Management expenditures.

<sup>(2)</sup> Includes Takoma Langley Recreation Center expenditures beginning in fiscal year 1998.

**CITY OF TAKOMA PARK, MARYLAND**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Charges <sup>(1)</sup> for Services</u>	<u>Inter- Governmental</u>	<u>Miscellaneous Revenue</u>	<u>Total</u>
2003	\$8,115,007	\$31,928	\$130,455	\$191,072	\$784,312	\$4,342,372	\$652,055	\$14,247,201
2002	7,952,305	35,720	70,948	187,311	704,096	4,004,899	150,470	13,105,749
2001	7,475,316	58,808	65,199	326,060	723,073	5,047,829	168,259	13,864,544
2000	6,805,093	62,931	91,108	289,274	767,870	3,530,652	306,543	11,853,471
1999	6,710,193	57,548	95,507	201,304	742,662	3,655,682	197,123	11,660,019
1998	6,434,281	54,244	78,231	182,200	736,469	3,170,628	234,155	10,890,208
1997	7,016,301	35,891	106,559	197,663	710,990	2,670,917	174,384	10,912,705
1996	6,755,426	30,632	113,343	224,474	315,007	2,787,220	165,715	10,391,817
1995	6,706,114	20,448	132,296	227,855	409,072	2,574,102	170,213	10,240,100
1994	6,355,127	17,628	137,452	162,038	406,350	2,330,504	102,596	9,511,695

<sup>(1)</sup> Includes Stormwater Fees Beginning in Fiscal Year 1997.

# CITY OF TAKOMA PARK, MARYLAND

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections and Credits</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections and Credits</u>	<u>Total Tax Collections and Credits</u>	<u>Total Collections as a Percent of Total Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as a Percent of Total Levy</u>
2003	\$6,245,222	\$6,190,738	99.1%	\$ -	\$6,190,738	.0%	\$54,484	0.9%
2002	5,757,152	5,487,781	95.3	240,005	5,727,786	99.0	29,366	0.5
2001	5,517,282	5,228,045	94.8	260,369	5,488,414	99.5	28,868	0.5
2000	5,032,820	4,905,604	97.5	87,751	4,993,355	99.3	39,465	0.7
1999	5,042,300	4,908,528	97.4	108,028	5,016,556	99.5	25,744	0.5
1998	4,902,528	4,781,482	97.5	90,310	4,871,792	99.3	30,736	0.7
1997	5,613,657	5,513,109	98.2	64,239	5,577,348	99.3	36,309	0.7
1996	5,439,896	5,291,326	97.3	136,912	5,428,238	99.8	11,658	0.2
1995	5,359,609	5,265,409	98.2	94,200	5,359,609	100.0	-	.0
1994	5,117,792	5,030,957	98.3	97,528	5,128,485	100.2	-	.0

Note: The above information relates to property tax levies and collections in the General Fund.  
Total collections include adjustments in "total tax levy" in year prior to original tax levy.

# CITY OF TAKOMA PARK, MARYLAND

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Public Utilities		Personal Property		Total		Ratio of Total Assessed to Total Estimated
	Assessed Value	Estimated Actual Value <sup>(1)</sup>	Assessed Value	Estimated Actual Value <sup>(2)</sup>	Assessed Value	Estimated Actual Value <sup>(2)</sup>	Assessed Value	Estimated Actual Value	Actual Value <sup>(3)</sup>
2003	\$869,676,011	\$869,676,011	\$10,930,630	\$10,930,630	\$19,263,630	\$19,263,630	\$899,870,271	\$899,870,271	100.0%
2002	815,876,168	815,876,168	12,151,340	12,151,340	20,199,252	20,199,252	848,226,760	848,226,760	100.0
2001	306,615,639	766,539,098	11,178,318	11,178,318	18,618,660	18,618,660	336,412,617	796,336,076	42.2
2000	293,484,215	733,710,538	11,421,013	11,421,013	13,627,658	13,627,658	318,532,886	758,759,209	41.9
1999	295,280,886	738,202,215	11,015,253	11,015,253	12,836,772	12,836,772	319,132,911	762,054,240	41.9
1998	297,122,870	742,807,175	11,374,790	11,374,790	10,885,280	10,885,280	319,382,940	765,067,245	41.8
1997	293,816,817	734,542,043	11,399,100	11,399,100	13,741,851	13,741,851	318,957,768	759,682,994	42.0
1996	273,727,078	684,317,695	9,927,179	9,927,179	15,734,619	15,734,619	299,388,876	709,979,493	42.2
1995	279,319,004	698,297,510	9,788,209	9,788,209	9,978,116	9,978,116	299,085,329	718,063,835	41.7
1994	267,074,340	667,685,850	9,944,794	9,944,794	10,982,670	10,982,670	288,001,804	688,613,314	41.8

<sup>(1)</sup> Property owned by the City, other governments, churches and schools is exempt. No estimate of exempt property is included.

<sup>(2)</sup> Personal property and public utilities are assessed at 100% of estimated actual value.

<sup>(3)</sup> Prior to FY2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY2002 assessed values reflect the conversion to full value assessment of real property.



# CITY OF TAKOMA PARK, MARYLAND

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Taxes Rates <sup>(1)</sup>									
Fiscal Year	Takoma Park General	Takoma Park Fire Service	Takoma Park Stormwater Management <sup>(4)</sup>	State of Maryland	Montgomery County <sup>(5)</sup>	Maryland National Capital Park and Planning Commission	Transit District	Recreation Areas	Total <sup>(2)</sup>
2003	\$0.6600 (\$1.6500)	-	-	\$0.0840	\$0.8710	\$0.0870	\$0.0380	\$0.0200	\$1.7600
2002	0.6420 (1.6050) <sup>(6)</sup>	-	-	0.0840	0.8500	0.0910	0.0500	0.0270	1.7440
2001	1.6050	-	-	0.2100	2.1500	0.2230	0.1000	0.0690	4.3570
2000	1.5800	-	-	0.2100	2.1530	0.2190	0.1020	0.0670	4.3310
1999	1.5800	-	-	0.2100	2.1860	0.2180	0.1020	0.0620	4.3580
1998	1.5350	-	-	0.2100	2.2240	0.2180	0.0910	0.0540	4.3320
1997	1.5100	0.2500	-	0.2100	1.9900	0.2210	0.0780	0.0490	4.3080
1996	1.5440	0.2430	0.0300	0.2100	1.9980	0.2110	0.0770	0.0470	4.3600
1995	1.5000	0.2520	0.0400	0.2100	1.9370	0.2180	0.1080	0.0510	4.3160
1994	1.5160	0.2410	0.0200	0.2100	1.9170	0.2110	0.0990	0.0480	4.2620

Fiscal Year	Takoma Park General	Takoma Park Fire Service	Takoma Park Stormwater Management <sup>(4)</sup>	State of Maryland	Prince George's County <sup>(3)</sup>	Maryland National Capital Park and Planning Commission	WSSC	Total <sup>(2)</sup>
1997	\$1.5100	\$0.2500	\$ -	\$0.2100	\$2.3260	\$0.6100	\$0.0650	\$4.9710
1996	1.5440	0.2430	0.0300	0.2100	2.3530	0.6100	0.0650	5.0550
1995	1.5000	0.2520	0.0400	0.2100	2.3480	0.6100	0.0650	5.0250
1994	1.5160	0.2410	0.0200	0.2100	2.3420	0.6100	0.0650	5.0040

<sup>(1)</sup> In dollars per \$100 of assessed value.

<sup>(2)</sup> Beginning in 1985, tax rates in incorporated areas of Prince George's County were reduced to allow for governmental services and programs which the municipal governments perform. Accordingly, the County tax rate for 1985 and beyond is a weighted average of the unincorporated areas and the incorporated areas.

<sup>(3)</sup> In fiscal year 1997, the City Council adopted a rate structure for stormwater fees. Charges in prior years were included in the City's adopted tax rate.

<sup>(4)</sup> On July 1, 1997, (fiscal year 1998) the City of Takoma Park was unified into one county, Montgomery County.

<sup>(5)</sup> FY98 Montgomery County tax rate restated to include Fire Tax District.

<sup>(6)</sup> Prior to FY2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY2002 tax rates reflect the conversion to full value assessments of real property. Personal property and public utility rates are presented in parenthesis.

**CITY OF TAKOMA PARK, MARYLAND**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**FOR THE YEAR ENDED JUNE 30, 2003**

Fiscal year 2003 real property assessed value	<u>\$ 869,676,011<sup>(1)</sup></u>
Debt limit - 100% of assessed value	\$ 869,676,011
Amount of debt applicable to debt limit - legal debt margin	<u>2,922,687</u>
Legal debt margin	<u>\$ 866,753,324</u>

Section 823 - Authorization to Borrow Money

(a) The Council of Takoma Park shall have the power to borrow money for any proper purpose and to evidence such borrowing by the issue and sale of its general obligation bonds, notes, or other certificates of indebtedness in the manner prescribed in Section 31 to 37 inclusive, or Article 23A of the Annotated Code of Maryland (1998 edition, as amended), title "Municipal Corporations," sub-title "Creation of Municipal Public Debt." Notwithstanding the provisions of this subsection, the Council may authorize a private negotiated sale of bonds upon a finding by the Council that such private negotiated sale is in the best interests of the City of Takoma Park.

(b) Any proposed new indebtedness that is greater than five percent (5%) of the revenue budgeted for that year shall be subject to a public hearing and the Council shall not take final action on the proposed indebtedness less than fourteen (14) days following the hearing.

Section 824 - Payment of Indebtedness

The power and obligation of the City to pay any and all bonds, notes, or other evidences of indebtedness issued by it shall be unlimited and the City shall levy ad valorem taxes on all the taxable property in the City for payment of such bonds, notes, or other evidences of indebtedness and interest thereon. The faith and credit of the City is pledged for the payment of the principal of and the interest on all bonds, notes or other evidences of indebtedness issued under the authority of this Charter, whether or not such pledge be stated in the bonds, notes or other evidences of indebtedness, or in the ordinance authorizing their issuance.

<sup>(1)</sup> Prior to FY2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY2002 assessed values reflect the conversion to full value assessments of real property.

**CITY OF TAKOMA PARK, MARYLAND**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population <sup>(1)</sup></u>	<u>Assessed Value<sup>(2)</sup></u>	<u>Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2003	17,299	\$899,870,271	\$2,922,687	.32%	\$168.95
2002	17,299	848,226,760	3,627,826	.43%	209.71
2001	17,299	336,412,617	1,780,597	.53	102.93
2000	17,299	318,532,886	1,992,694	.63	115.20
1999	17,505	319,132,911	1,671,968	.52	95.51
1998	17,505	319,382,940	1,674,906	.52	95.68
1997	17,505	318,957,768	1,827,900	.57	104.40
1996	17,505	299,388,876	922,393	.31	52.70
1995	16,724	299,085,329	670,680	.22	40.10
1994	16,724	288,001,804	729,746	.25	43.63

<sup>(1)</sup> U.S. Census Bureau statistics.

<sup>(2)</sup> Prior to FY2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY2002 assessed value reflects the conversion to full value assessment of real property.

**CITY OF TAKOMA PARK, MARYLAND**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures (Percent)</u>
2003	\$1,095,680	\$103,392	\$1,190,072 <sup>(2)</sup>	\$15,461,367	7.70%
2002	257,321	70,642	327,963	13,100,161	2.50
2001	212,097	76,328	288,425	13,361,497	2.16
2000	234,769	87,412	322,181	12,046,029	2.67
1999	198,637	78,369	277,006	11,262,399	2.46
1998	474,928	99,323	574,251 <sup>(1)</sup>	11,057,766	5.19
1997	69,559	68,681	138,240	11,809,974	1.17
1996	63,088	66,680	129,768	11,372,392	1.14
1995	59,066	49,209	108,275	10,078,840	1.10
1994	66,590	53,146	119,736	9,226,960	1.30
1993	89,291	58,494	147,785	9,161,866	1.61

<sup>(1)</sup> Paid off two Maryland Industrial and Commercial Redevelopment Fund loans.

<sup>(2)</sup> Paid off MEDCO Bonds.

**CITY OF TAKOMA PARK, MARYLAND**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT <sup>(2)</sup>**  
**JUNE 30, 2003**

	<u>Net Debt Outstanding</u>	Percentage Applicable to this Governmental <u>Unit</u>	<u>Share of Debt</u>
Direct debt - City of Takoma Park, Maryland	\$ 2,922,687	100.00%	\$ 2,922,687
Montgomery County	1,414,634,260	1.00% <sup>(1)</sup>	14,146,342
Maryland National Capital Park and Planning Commission Montgomery County	<u>35,850,222</u>	1.00% <sup>(1)</sup>	<u>358,502</u>
Total direct and overlapping debt	<u>\$1,453,407,169</u>		<u>\$174,275.31</u>

<sup>(1)</sup> Rate of assessed value in the City to total assessed value in Montgomery County.

<sup>(2)</sup> The overlapping debt is not a debt of the City of Takoma Park, Maryland on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the City of Takoma Park, Maryland are obligated to pay through direct tax levies of these governmental entities.

# CITY OF TAKOMA PARK, MARYLAND

## DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u> <sup>(1)</sup>	<u>Per Capita Income</u> <sup>(2) (3)</sup>	<u>Labor Force</u> <sup>(2) (3)</sup>	<u>Unemployment Force</u> <sup>(2) (3)</sup>	<u>Registered Pupils</u> <sup>(2) (3)</sup>
Prince George's County:					
1997	5,961	\$ N/A	463,690	4.6%	122,831
1996	5,961	24,639	463,700	5.1	119,951
1995	5,180	23,983	485,100	4.7	116,383
1994	5,180	22,645	474,485	4.4	111,823
Montgomery County:					
2003	17,299	\$54,013	505,270	2.6%	140,861
2002	17,299	52,363	503,584	2.8	138,891
2001	17,299	50,919	490,178	2.3	134,180
2000	17,299	49,107	481,950	1.9	130,689
1999	17,505	45,402	476,812	1.8	127,852
1998	17,505	43,303	467,741	2.3	125,035
1997	11,544	40,343	466,500	2.6	122,505
1996	11,544	39,705	474,872	2.6	120,291
1995	11,544	38,552	463,112	2.9	117,082
1994	11,544	37,304	462,202	2.9	113,429

<sup>(1)</sup> U.S. Census Bureau. Includes annexed area.

<sup>(2)</sup> This information is not available for the City of Takoma Park, Maryland on a separate basis. The best available information is provided by the Finance Department of Prince George's County, Maryland and the Finance Department of Montgomery County, Maryland. On July 1, 1997, (fiscal year 1998) the City of Takoma Park was unified into one county, Montgomery County.

<sup>(3)</sup> Per Capita Income data for the years 1999-2002, and Labor Force data for the years 2000-2002 have been revised. Unemployment Force and Registered Pupils have been revised for the year 2002.

# CITY OF TAKOMA PARK, MARYLAND

## NEW CONSTRUCTION BY TYPE, COMMERCIAL BANK DEPOSITS, AND MARKET VALUE OF REAL PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Number of Residential Building Permits <sup>(1)</sup>	<u>Valuation of Construction (in Millions)</u>			<u>Market Value of Real Property (in Millions)</u>			Commercial Bank Deposits (in millions)
		<u>Residential</u>	<u>Commercial</u>	<u>Total <sup>(1)</sup></u>	<u>Residential</u>	<u>Commercial</u>	<u>Total <sup>(1)</sup></u>	
Prince George's County:								
1997	2,815	257.10	168.40	425.50	28,662.00	7,165.50	35,827.50	3,854.30
1996	3,205	275.60	417.00	692.60	28,252.40	7,151.60	35,404.00	3,929.30
1995	3,604	299.30	98.10	397.40	28,211.40	7,364.20	35,575.60	3,940.80
1994	3,864	290.80	101.60	392.40	27,314.60	7,614.60	34,929.20	4,016.00
Montgomery County:								
2003	15,969	1,206.60	428.10	1,634.70	74,416.20	19,016.20	93,432.40	N/A
2002	15,696	986.30	522.00	1,508.30	66,985.20	17,243.90	84,229.10	11,623.70
2001	14,599	1,020.50 <sup>(2)</sup>	280.40 <sup>(2)</sup>	1,300.90 <sup>(2)</sup>	63,333.20	15,688.70	79,021.90	10,646.40
2000	20,205	1,045.60 <sup>(2)</sup>	241.10 <sup>(2)</sup>	1,286.70 <sup>(2)</sup>	60,506.40	14,401.00	74,907.40	9,350.90
1999	15,130	854.30	311.60	1,165.90	57,910.50	13,570.20	71,480.70	8,966.50
1998	14,162	793.90	358.30	1,152.20	56,214.70	13,080.60	69,295.30	8,375.60
1997	13,837	789.80	188.90	978.70	55,325.70	12,958.80	68,284.50	7,973.00
1996	12,677	841.30	170.10	1,011.40	53,897.40	12,780.00	66,677.40	7,993.60
1995	13,500	609.00	75.90	684.90	53,898.90	13,208.40	67,107.30	7,709.80
1994	11,769	542.50	111.40	653.90	53,744.90	12,426.30	66,171.20	7,865.60

<sup>(1)</sup> This information is not available for the City of Takoma Park, Maryland on a separate basis. The best available information is provided by the Finance Department of Prince George's County, Maryland and the Finance Department of Montgomery County, Maryland. On July 1, 1997, (fiscal year 1998) the City of Takoma Park was unified into one county, Montgomery County.

<sup>(2)</sup> This information was restated by the Finance Department of Montgomery County, Maryland during Fiscal year 2002.

## CITY OF TAKOMA PARK, MARYLAND

**PRINCIPAL TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2003**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003<sup>(1)</sup> Assessed Valuation</u>	<u>Percentage Total Assessed Valuation</u>
1. Saul Subsidiary I LTD Partnership	Commercial/Rental	\$ 9,853,916	1.10%
2. Takoma Langley Improvements	Commercial	9,780,832	1.09
3. Oxon Equities	Rental Property	9,260,132	1.03
4. Potomac Electric Power Company	Electrical Utility	7,354,350	.82
5. Franklin Associates	Rental Property	7,136,532	.79
6. Park Ritchie Apartments	Rental Property	7,130,632	.79
7. Takoma Business Center	Commercial	5,816,132	.65
8. Hampshire Place LLC	Motel	4,498,296	.50
9. Maple View Apartments LLC	Rental Property	4,137,666	.46
10. Essex House	Rental Property	<u>3,633,366</u>	<u>.40</u>
Total		<u>\$68,601,854</u>	<u>7.63</u>

<sup>(1)</sup> Prior to FY2002, real property was assessed at 40% of estimated full value. Pursuant to a change in State law, the FY2002 assessed values reflect the conversion to full value assessments of real property.



Table 15

**CITY OF TAKOMA PARK, MARYLAND**  
**MISCELLANEOUS STATISTICAL DATA**  
**JUNE 30, 2003**

Date of incorporation	1890
Date of adoption of City Charter	1890
Revision of City Charter	2002
Form of government	Council - Manager
Area - square miles	2.4
Miles of streets and sidewalks:	
Streets	33.89
Sidewalks	27.87
Housing:	
Number of apartment units	3,952
Number of single family homes	3,670
Fire and rescue services	Montgomery County Fire Department
Police protection:	
Number of stations	1
Number of authorized police	41
Municipal water plant (Washington Suburban Sanitary Commission)	none
Telephone, natural gas and electricity services are furnished by private corporations	
Recreation and parks - number of acres	8.98

	<u>City</u>	<u>School</u>	<u>Park and Planning Commission</u>	<u>Total</u>
Playgrounds	7	2	5	14
Baseball diamonds	1	2	1	4
Football fields	-	1	1	2
Swimming pools	-	1	-	1
Tennis courts	-	4	4	8

**CITY OF TAKOMA PARK, MARYLAND**

**MISCELLANEOUS STATISTICAL DATA - Continued**  
**JUNE 30, 2003**

Number of schools:	
Elementary	2
Intermediate	1
Private	3
Colleges	2
Election:	
Registered voters	9,872
Number of votes cast - November, 2001	2,322
Percentage voting	24%
Population by age group	
(Source: U.S. Census Bureau)	

<u>Age</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Under 5	1,367	955	1,345	1,237
5 - 17	3,250	2,463	2,340	2,261
18 - 24	3,284	2,447	1,683	2,094
25 - 44	4,710	5,842	7,613	8,952
45 - 64	3,950	2,616	2,669	2,013
65 - 74	1,163	1,071	988	513
75 and over	<u>731</u>	<u>837</u>	<u>867</u>	<u>229</u>
Total	<u>18,455</u>	<u>16,231</u>	<u>17,505</u>	<u>17,299</u>

**CITY OF TAKOMA PARK, MARYLAND**

**GENERAL FUND TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Utility and Personal Property</u>	<u>Penalties and Interest on Delinquent Tax</u>	<u>Additions and Abatements</u>	<u>Amusement Tax</u>	<u>Income Tax</u>	<u>Highway Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2003	\$5,680,412	\$472,828	\$30,964	\$70,071	\$ -	\$1,449,812	\$410,920	\$ -	\$8,115,007
2002	5,201,068	540,974	62,561	209,476	19	1,506,694	431,513	-	7,952,305
2001	4,848,513	668,769	34,374	26,739	88	1,465,976	430,857	-	7,475,316
2000	4,637,051	395,769	28,470	(8,781)	885	1,337,548	414,151	-	6,805,093
1999	4,665,438	376,862	18,160	8,184	856	1,235,417	405,276	-	6,710,193
1998	4,560,836	341,692	14,242	(11,915)	9,443	1,109,648	410,335	-	6,434,281
1997	5,171,176	442,481	26,802	(33,011)	1,036	1,053,022	354,795	-	7,016,301
1996	4,891,555	459,240	21,858	4,057	777	961,568	327,043	-	6,666,098
1995	4,893,565	345,643	28,475	(15,073)	243	1,006,182	326,558	-	6,585,593
1994	4,693,307	367,414	38,015	(9,486)	362	883,296	325,151	-	6,298,059

# CITY OF TAKOMA PARK, MARYLAND

## SCHEDULE OF INSURANCE IN FORCE

JUNE 30, 2003

<u>Type of Coverage/Company Name</u>	<u>Policy Number</u>	<u>From</u>	<u>To</u>	<u>Limits of Coverage</u>	<u>Premiums</u>
Commercial General Liability - Local Government Insurance Trust	TAKO-502-PLP-92	7/01/02	<sup>(1)</sup> 7/01/03	\$2,000,000 aggregate - \$1,000,000 occurrence	\$63,562
Public Officials Liability - Local Government Insurance Trust	TAKO-502-PLP-92	7/01/02	<sup>(1)</sup> 7/01/03	\$1,000,000 aggregate - \$ 2,500 deductible	Included in above
Police Liability - Local Government Insurance Trust	TAKO-502-PLP-92	7/01/02	<sup>(1)</sup> 7/01/03	\$1,000,000 aggregate - \$ 2,500 deductible	Included in above
Comprehensive Auto Liability - Local Government Insurance Trust	TAKO-502-PLP-92	7/01/02	<sup>(1)</sup> 7/01/03	Physical damage: Comprehensive - \$250 deductible Collision - \$500 deductible Bodily injury - no deductible BI & PD \$1,000,000 aggregate	\$40,737
Excess Liability - Local Government Insurance Trust	TAK001XSL-92	7/01/02	<sup>(1)</sup> 7/01/03	Insures the City against losses in excess of \$1,000,000 up to an additional \$5,000,000 for automobile liability, commercial general liability, public officials, and police/personal injury liability	\$18,841
Building and Contents (includes boiler and machinery) - Local Government Insurance Trust	TRO-92-TAK0050	7/01/02	<sup>(1)</sup> 7/01/03	Insured to \$5,000,000 - \$1,000 deductible	\$23,157
Worker's Compensation Insurance - State Accident Fund	4-3373-2	7/01/02	2/28/03	Insures the City against obligation imposed by the Workmen's Compen- sation Law of Maryland and includes employer's liability of \$100,000	\$223,131
Montgomery County - Self Insurance Program	-	3/01/03	6/30/03	Statutory limit	\$133,333
Fidelity Bond - Travelers	Policy #103904471	7/01/02	7/01/03	\$2,500 deductible	\$1,345

<sup>(1)</sup> Insurance policy was renewed with the carrier for an additional one year period.